

Message Text

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ACTION STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 /126 W
-----021841 230349Z /13

R 221746Z JUN 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 7450
INFO ALL EC CAPITALS
USMISSION GENEVA
AMEMBASSY BERN
AMEMBASSY HELSINKI
AMEMBASSY LISBON
AMEMBASSY OSLO
AMEMBASSY REYKJAVIK
AMEMBASSY STOCKHOLM
AMEMBASSY VIENNA

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USEEC

GENEVA FOR USMTN DEL

E.O. 11652: N/A
TAGS: ETRD, EEC, MTN
SUBJECT: EC/EFTA RULES OF ORIGIN

REF: (A) STATE 158629; (B) 77 BRUSSELS 13445;
(C) 77 STATE 257797

1. MISSION OFFICER ASKED EC CUSTOMS OFFICIAL BRIX KNUDSEN
ON JUNE 22 FOR A BRIEFING ON STATUS OF COMMISSION PROPOSAL
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TO LIBERALIZE THE RULFS OF ORIGIN IN BTN CHAPTERS 84-92.
KNUDSEN REPLIED THAT THE PROPOSAL HAD NOT ADVANCED SIG-
NIFICANTLY BEYOND STAGE REPORTED IN REFTELS B AND C.

2. SINCE OCTOBER, COMMISSION OFFICIALS HAVE DISCUSSED THE
PROPOSAL, WHICH REMAINS A WORKING PAPER NOT FORMALLY
ADOPTED BY THE WHOLE COMMISSION, WITH MEMBER STATE EXPERTS

ON FOUR OR FIVE OCCASIONS AND HAVE ALSO APPROACHED INDUSTRY SOURCES TO SEEK TO DETERMINE WHAT THE PRACTICAL EFFECTS OF PROPOSAL WOULD BE. THE BASIC COMMISSION IDEA IS TO TAKE ALL PRODUCTS IN CHAPTERS 84-92 AND PROVIDE FOR THEM AN ALTERNATIVE RULE, WHICH WOULD CO-EXIST WITH THE PRESENT RULES, FOR DETERMINING ORIGIN. PRODUCTS WOULD BE SUBJECT

TO EITHER A 40 PERCENT OR 35 PERCENT ALTERNATIVE RULE DEPENDING ON THEIR SENSITIVITY. THE COMMISSION HAS ALSO INFORMALLY LET EFTA COUNTRIES KNOW ABOUT THE PROPOSAL BUT HAS NOT PRESENTED IT TO THEM IN A FORMAL SENSE.

3. ALTHOUGH COMMISSION PROPOSAL WOULD COVER ALL PRODUCTS IN 84-92, KNUDSEN ADMITTED THAT THERE WAS STRONG PRESSURE FROM MEMBER STATES TO ELIMINATE CERTAIN SENSITIVE PRODUCTS FROM THE ALTERNATIVE RULE APPROACH. IN HIS VIEW, SHOULD MEMBER STATES PREVAIL ON THIS, COMMISSION APPROACH COULD BEGIN TO BECOME MORE RESTRICTIVE AND CERTAINLY MORE COMPLICATED THAN DESIRED. IN SUCH A CASE HE WOULD WANT TO SCRAP THE PROPOSAL.

4. ON TIMING, KNUDSEN SAID THAT FURTHER MEETINGS WITH MEMBER STATES WOULD BE NECESSARY BEFORE THE PROPOSAL COULD GO TO THE COUNCIL. IN ADDITION, INDUSTRY HAS BEEN SLOW IN OFFERING OPINIONS ON THE PRACTICAL EFFECTS OF THE PROPOSAL. HE THOUGHT IT WOULD BE NECESSARY TO CLEAR UP ALL LIMITED OFFICIAL USE

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TECHNICAL QUESTIONS BEFORE SUBMISSION OF THE PROPOSAL TO THE COUNCIL. THE EARLIEST DATE FOR THIS WOULD PROBABLY BE OCTOBER. HE ADMITTED THAT THE COMMISSION WOULD WORK HARD TO MEET THE OCTOBER DATE BECAUSE THE PRESIDENCY AT THAT PERIOD WOULD BE HELD BY THE FRG, WHICH IS SYMPATHETIC TO A LIBERALIZATION OF THE RULES OF ORIGIN. SLIPPING PAST DECEMBER WOULD MEAN GOING TO THE COUNCIL WITH THE FRENCH IN THE CHAIR, WHICH WOULD BE QUITE A DIFFERENT MATTER FOR RULES OF ORIGIN. HINTON

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